

**Public Employees' Retirement Board
EMPLOYEE INVESTMENT ADVISORY COUNCIL**

100 North Park Avenue, Room 201

Helena MT 59601

Thursday October 27, 2016

1:00 PM

ATTENDANCE

Council Members

Patricia Davis, Chair

Tom Schneider, Member

Paul Spengler, Member

Tim House, Member

Amy Berry, Member

Barb Wagner, Member, Excused

Steve Hagen, Member

Jim Penner, Member, Excused

Diane Fladmo, Member

Jeff Bollman, Member

James Helgeson, Member, Excused

MPERA Staff

Beth Long, Administrative Clerk

Kate Talley, Legal Counsel

Bill Holahon, Legal Counsel

Public

Anne Cappel, Empower Retirement

Presenters

Michael B. Desmariais and Mark N Landay, Vanguard Investor Group

Michael A. Bowman and Mario DiVito, Capital Group

Donald Eibson and Tyler Barondeau, Buck Consultants

Education

IV. Vanguard Investor Group (9:18-37:09)

- Michael Desmarais, Relationship Manager & Mark Landay, Principle Sales Executive presented an update to the committee, since Vanguard funds are present in both the 457(b) and 401(a) plans. Vanguard is set so that the institutions will benefit from an asset manager that has their best interests. This provides a distinct client advantage as there are no outside owners. This structure means they can keep costs as low as possible for their clients.

V. Capital Group (37:10-1:09:53)

- Michael Bowman, Sr. Vice President & Mario Divito Equity Investment Specialist presented a portfolio review on the New Perspective Fund. They stated that the fund's primary investment objective is to provide long term growth of capital, by using the objective-based investment approach. The portfolios are built from the bottom up, based on extensive global research.

VI. Information Only: The Evolving Role of Defined Contribution Plans in the Public Sector (1:10:22- 1:11:21)

- Ms. Davis mentioned this handout as a helpful tool for the future. It explores interesting topics regarding education and planning that the committee may need to be familiar with for the scope of planning and future changes that may come to the Defined Benefit plan.

ACTIONS

VII Fund Performance Review-Don Eibson & Tyler Barondeau, Buck Consultants (1:11:23-2:18:06)

a. Market Review (1:11:21-1:27:43)

Mr. Eibsen reviewed current standings and highlights of the Market in General.

There has been an increase in assets in both plans. Fees and revenue sharing has been added to this quarterly report for both plans.

No Action Taken.

b. 457(b) Deferred Compensation Plan 1:27:44-2:03:20)

Mr. Eibsen discussed the performance of the funds in the 457(b). The plan had an increase of 9 million. There is a plan to revisit the TDF and the re-enrollment scenario next year, probably at the April meeting. Members and demographics along with the legal aspect have to be looked at first. Included at the back of the report were the Fund Sheets for each fund available in both plans showing the performance history, portfolio holdings and analysts ratings. No Action Taken.

c. 401(a) Defined Contribution Plan (2:03:21-2:18:06)

Mr. Eibsen discussed the performance of the funds in the 401(a). The plan had an increase of 7 million. No Action Taken.

VIII. Approval of EIAC/Board meeting minutes – July 28, 2016 (2:18:07-2:18:30)

- Tom Schneider moved to approve the meeting minutes for July 28, 2016. Tim House seconded the motion, which passed unanimously.

IX. Policy Review

a. Board Admin 06- General Education Policy (2:19:27-2:28:21)

Ms. Davis had spoken with Jim Penner regarding his thoughts on changes to the policy. The recommendation was for **VI. Program Delivery Personnel**, section **B.** to end the paragraph at experts, deleting *“such as certified investment analysts or tax counsel.”* Tom Schneider also commented that the word “other” could also be removed. Diane Fladmo moved to approve the changes. Paul Spengler seconded the motion, which passed unanimously. The recommendations will go to the Board Policy Committee for approval.

b. Board Admin 07- Investment Education Policy (2:28:29-2:38:41)

Ms. Davis suggested that in section **I. Policy and Objectives, under A.** that PERA be changed to PERS. In section **III Definitions, under A.** Legal needs to look at the wording and rework it so that it's clearer, also there are spacing issues throughout the document that need to be corrected. Discussion was held on section **C. Investment Advice** regarding types of advice available to members, Ms. Davis brought up the Empower program Advisory Services that had been discussed in 2015, but the legalities had to be worked out regarding privacy issues. Anne Cappel from Empower explained the process of Advisory Services and that now Representatives must also have a Series 65 license along with their current Series 6 & 63 licenses. **IV. Appropriate Parties, section B.** NASD needs to be changed to FINRA. Paul Spengler moved to approve the changes and Tim House seconded the motion, which passed unanimously. The recommendations will go to the Board Policy Committee for approval.

2016 EIAC Meetings were set (2:38:42-2:41:33)

- January 26, 2017
- April 27, 2017
- July 27, 2017
- October 26, 2017

Meeting adjourned at 3:45